

**FRANK R. WOLF**

10TH DISTRICT, VIRGINIA

**COMMITTEE ON APPROPRIATIONS**

**SUBCOMMITTEES:**

**CHAIRMAN—COMMERCE-JUSTICE-  
STATE AND JUDICIARY**

**HOMELAND SECURITY**

**TRANSPORTATION-TREASURY  
AND RELATED AGENCIES**

**CO-CHAIR—CONGRESSIONAL  
HUMAN RIGHTS CAUCUS**



**Congress of the United States**

**House of Representatives**

February 6, 2004

241 CANNON HOUSE OFFICE BUILDING  
WASHINGTON, DC 20515-4610  
(202) 225-5136

13873 PARK CENTER ROAD  
SUITE 130  
HERNDON, VA 20171  
(703) 709-5800  
(800) 945-9653 (IN STATE)

110 NORTH CAMERON STREET  
WINCHESTER, VA 22601  
(540) 667-0990  
(800) 850-3463 (IN STATE)

[www.house.gov/wolf/](http://www.house.gov/wolf/)

Mr. Steve Miller  
Director of Exempt Organizations  
Internal Revenue Service  
1111 Constitution Ave NW  
Washington DC 20224

Dear Mr. Miller:

I write to bring to your attention the enclosed article in today's *Washington Post* reporting about Citizens for Maryland's Future – a 501(c)(4) organization just formed in Maryland for the purpose of supporting a plan in that state to legalize slot machine gambling at racetracks.

It is my understanding that under IRS guidelines, organizations filing to be tax exempt as a 501(c)(4) entity "must not be organized for profit and must be operated exclusively to promote social welfare." The guidelines further state that "to be operated exclusively to promote social welfare, an organization must operate primarily to further the common good and general welfare of the people of the community (such as by bringing about civic betterment and social improvements)."

I am curious as to how this newly formed group can operate under tax-exempt rules that were set up for organizations to "promote social welfare" while promoting an activity which is now illegal in Maryland. I request your opinion on this matter.

I also request your opinion as to whether Maryland taxpayers – and in general all U.S. taxpayers – would be in effect subsidizing the operation of this organization since it would enjoy tax free use of its donations in addition to tax-free use of any interest on the investment of those donations.

Furthermore, I request your opinion on whether it is common practice for organizations promoting activities which are illegal in a state to avail themselves of tax-exempt status as social welfare organizations under section 501(c)(4). Similarly, would it be possible for an interested party to use such a tactic to promote other activities which are illegal in a state, such as prostitution, the sale of illegal drugs, or euthanasia?

Because this is such an important issue for both proponents and opponents of gambling expansion in Maryland and in other states, I would appreciate your response as quickly as possible.

Thank you for your assistance.

Sincerely,

Frank R. Wolf  
Member of Congress

FRW:jjj  
enclosure